

3. **OUR OBLIGATIONS.**

(a) We agree to pay you for contracted hogs as set forth in paragraph 2 for the entire term of this Agreement.

(b) We will inspect, sort and weigh hogs at the delivery location or the plant.

(c) We will keep all necessary records with respect to the receipt, weighing and payment of all hogs in accordance with our regular record retention and destruction schedule. We currently retain all scale tickets, P&L's and checks for two (2) years. Upon giving us reasonable notice, you may inspect such records during normal business hours at locations designated by us. We will supply at your expense copies of such records as you reasonably request.

4. **YOUR OBLIGATIONS.**

(a) You are solely responsible for the operation and management of your hog production operation. You are solely responsible for compliance of your hog production operation with all applicable federal, state and local laws and regulations. Examples include laws and regulations relating to permits to operate your facilities, handling and disposal of manure, and disposal of dead hogs.

(b) We must approve the following aspects of your hog production operation at the commencement of this Agreement and any changes you make to these aspects:

(1) A genetic program capable of producing lean, uniform sorted hogs that consistently meet our requirements;

(2) Facilities to farrow and finish hogs year round and/or sources of weanling and feeder pigs;

(3) A feeding program; and

(4) A cost and recordkeeping system.

(c) All hogs delivered by you under this Agreement must be as follows:

(1) Top quality, healthy and wholesome, free of foreign objects (e.g., needles) and weigh at least two hundred twenty-five (225) pounds;

(2) Not crippled, lame, sick, overfilled or otherwise unmerchantable at time of delivery;

(3) Uniform in size and numbers, and derived from approved facilities and sources;

(4) Handled by you and transporters in such a manner so as to optimize meat quality; and

(5) Supervised by a licensed veterinarian and in compliance with any applicable drug use requirements and withdrawal procedures.